

BUSINESS TAX UPDATE

Inland Revenue's tax news for businesses



Issue No 115 • November 2020 • IR381

REMINDERS

Remember that if a due date falls on a weekend or public holiday, we can receive your return and payment on the next working day without a penalty being applied. But for provincial anniversary dates, this only applies if you're in the province celebrating the holiday, and only if you usually make tax payments over-the-counter at Westpac.

We have key dates to help you meet your obligations. ird.govt.nz/index/key-dates

If you have any suggestions for topics you'd like covered in this newsletter, Email BusinessTax.Update@ird.govt.nz

Research & development tax incentive: Certifiers

The R&D tax incentive certifier application form is now available for those parties interested in becoming an Inland Revenue approved R&D Tax Incentive certifier.

To become an approved R&D certifier, you will need to apply using the approved application form. The form requires you to list any licenced auditors you employ, as well as the names of any partners, directors, or principals authorised to provide R&D certificates.

You are also required to make a statutory declaration on the application form stating that you:

- are competent in applying the appropriate legal and accounting standards that relate to R&D tax credits and
- have the appropriate technical knowledge to assess R&D.

If we approve your application, we'll let you know and will also publish your approval on our website.

Your approved R&D certifier status takes effect from the date of your application.

Licensed auditors

To be approved as an R&D certifier, a firm must declare that they include or employ one or more licenced auditors (as approved by the Financial Markets Authority). Where a firm is approved as an R&D certifier, the firm will be required to provide us with the names of licenced auditors it employs.

You can find more information can be found in our **Research and Development Tax Incentive: Guidance - IR1240** at ird.govt.nz/research-and-development/tax-incentive/about and by using the search keyword: Research.

Sick leave. Do you know your obligations?

(on behalf of Employment New Zealand)

The COVID-19 situation has highlighted the importance of your business complying with employees' sick leave rights and knowing their legal obligations.

During all alert levels employment health and safety laws still apply

Minimum rights and obligations for sick leave

All employees (including part-time and casual) have the right to 5 days' sick leave if they meet one of the conditions below:

- 6 months' current continuous employment with the same employer, or
- worked for the employer for 6 months for an average of 10 hours per week, and
- at least one hour in every week or 40 hours in every month.

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Sick leave can be used if your employee, members of their immediate family or dependants are sick or injured. After the first 6 months, they get an extra 5 days for every year of employment. This can build up for up to 20 days. These rights are not pro-rated. For example, even if your employee work 3 days a week, they will be able to have 5 days' sick leave after the first 6 months and so on.

You can offer more than the minimum 5 days. Giving more than the minimum sick leave can help attract skilled employees, and make sure that sick employees don't come to work and spread an illness, therefore reducing your business overall productivity. Any extra entitlement should be written in the employment agreement.

Sick leave may not be cashed-up or be part of any final payment when an employee leaves, unless it is agreed as part of the employment agreement.

Breaches of health and safety or employment laws can result in serious penalties from labour or health and safety inspectors.

Leave for medical appointments and medical certificates

You do not have to give your employees paid time-off work to visit the doctor or dentist unless their employment agreement says so. Your employees can ask to use sick leave, annual leave, unpaid leave, special leave or time in lieu. Some businesses allow 2 or 3 paid (or unpaid) hours for these situations.

If your employee has been absent for 3 or more days (including weekends) you can ask for a medical certificate. If you want a certificate for less than 3 days, you can ask for one but you must pay for the doctor's visit.

Sick leave payments

Payment for sick leave is only made when it is for a day your employee would have worked if they were not sick. It's at the rate they would be paid on the day they were sick i.e. relevant daily pay (or their average daily pay where applicable).

More information

The Employment New Zealand website has comprehensive information about employment rights and obligations visit: **employment.govt.nz**